

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

W.T.B. Financial Corporation

Point of Contact:	Larry V. Sorensen	RSSD: (For Bank Holding Companies)	1029464
UST Sequence Number:	513	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	110,000,000	FDIC Certificate Number: (For Depository Institutions)	1281
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	N/A	City:	Spokane
Date Repaid ¹ :	N/A	State:	Washington

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

TARP Capital supplemented the Bank's capital position well above regulatory minimums, providing the capital foundation to continue meeting the financial and banking needs of our commercial and retail customers.

☒ **To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

While overall, the bank's loan portfolio declined in 2010, loans to consumers, including credit cards and other revolving credit plans, grew year over year. Additionally, in 2010, new loan commitments totaled \$754 million and new loan commitments to new customers totaled \$184 million.

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☒ **Increase securities purchased (ABS, MBS, etc.).**

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☐ **Make other investments.**

☐ **Increase reserves for non-performing assets.**

☒ **Reduce borrowings.**

The infusion of TARP capital into the bank contributed favorably to liquidity allowing for reduced borrowings. During 2010, borrowings declined over \$58 million improving the liquidity position and borrowing capacity of the bank.

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☐ Increase charge-offs.

☐ Purchase another financial institution or purchase assets from another financial institution.

☐ Held as non-leveraged increase to total capital.

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What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

A solid capital foundation is critical in banking, and the continued difficult economic environment has heightened the sensitivity around this crucial banking metric. In the absence of TARP capital, it is possible that the bank could have considered it prudent to curtail lending, shrink the balance sheet and become more defensive in its operating strategy. If that were the outcome, it is also possible that the curtailment of lending could have had an adverse impact on our customers. Moreover, curtailing lending and shrinking the bank's balance sheet would be counter to the central role of banks in facilitating economic activity and contributing to the nation's economic recovery.

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What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

The supplemental capital capacity that TARP capital provided supported the critical objective of continuing to honor our existing loan commitments to our customers, and provide new financing to existing and new customers.

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.